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**ARIZONA CORPORATION COMMISSION****SANDRA D. KENNEDY**1200 W. Washington
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March 25, 2020

RE: IN THE MATTER OF POSSIBLE MODIFICATIONS TO THE ARIZONA
CORPORATION COMMISSION'S ENERGY RULES.
(DOCKET NO. RU-00000A-18-0284)

To my fellow Commissioners and Interested Parties,

This letter is intended to add to the discussion started by Commissioner Lea Marquez Peterson, in her March 20, 2020 letter, and to Chairman Burns' response on March 25, 2020. First, I'd like to note that while Commissioner Marquez Peterson asserts we had only one week after the energy rules workshop on March 11-12, 2020, to provide Staff with our policy preferences, this docket has been open since 2018. The workshop was to discuss the third version of Staff's draft rules, it had been scheduled for over one month, and it was noticed on that workshop agenda that a vote could be taken. Our policy decisions must be data-driven, and there are copious amounts of data in the docket. The decision not to give Staff clear direction and not to update the energy rules in a timely manner *is also a policy decision*, albeit a poorly made one.

Speaking of data, the science is clear regarding the need for aggressive decarbonization. The Intergovernmental Panel on Climate Change reports that the [Earth is likely to reach 1.5 degrees C between 2030 and 2052](#) if emissions continue at the current rate.¹ Through their expressed support for a 100 percent clean energy by 2050 rule, it appears that at least two of my fellow Commissioners agree with this data.² If we agree that our collective public policy should be to achieve decarbonization of the energy sector, it then follows that we would do this expeditiously with clear rules, guidelines, and milestones for our regulated utilities.³

Therefore, I once again express my wholehearted support for a 100 percent clean energy standard by 2040 but would support a 2050 deadline in order to come to a majority agreement on this. I disagree with Commissioner Marquez Peterson's assertion that there is insufficient data regarding the need to update our Renewable Energy Standard and Tariff (REST), our Energy Efficiency Resource Standard (EERS), and the Integrated Resource Planning (IRP) rules. Data provided by numerous stakeholders in the docket supports a 50 percent renewable energy standard by 2030 and a 35 percent energy efficiency standard by 2030, as Chairman Burns has noted. If anything, there is more evidence supporting the cost effectiveness of energy efficiency and renewable energy

¹ Intergovernmental Panel on Climate Change 2019 Report for Policymakers. Retrieved from <https://www.ipcc.ch/sr15/chapter/spm/>

² Unfortunately, Commissioner Marquez Peterson came to this conclusion a little over a week after Chairman Burns called for a vote on establishing a set of *proposed* standards for staff to draft.

³ The need to mitigate climate change is logically the only reason for policies specifically focused on decarbonization by a certain date. Achieving cleaner air and water are also important policy goals, but they are addressed through policies such as decreasing NOx and SOx limits.


standards than there is for a 100 percent clean energy standard. Energy efficiency is the least cost resource, while renewable energy technologies and battery storage technologies are consistently beating out natural gas and other resources on price. This is the case even when social costs of carbon, water use, coal ash, and other externalities are not included in the pricing. Perhaps the most persuasive evidence of the economic value of energy efficiency and renewable energy for Arizona is [Ceres' progress report](#) detailing actual impacts from the current REST and EERS. That report identified a \$2 billion gain in economic value for Arizona since the implementation of those policies.

In addition to economic benefits, updating Arizona's renewable energy and energy efficiency policies will also improve the reliability of our grid. The "[National Security and Assured U.S. Electrical Power](#)" report, drafted and presented by (Ret.) Vice Admiral Lee Gunn, USN during the December 2019 Open Meeting, focuses on how renewable energy and distributed energy resources enhance electricity reliability.⁴ As recent events have shown, reliability and energy security have never been so critical to our society as now.

Our current standard for energy efficiency will sunset this year, and the renewable energy standard ends in 2025. It is imperative that we do not disrupt the undisputed gains we have made in water savings, ratepayer savings, economic development, and grid resiliency.

I'll end by noting that the current COVID-19 emergency does not in any way diminish the need for us to address the climate crisis. As Commissioners, we have the ability and the responsibility to focus on several critical issues concurrently. In fact, our jobs require it. Take it from someone who has been here longer than ten months: a large part of our role is to weigh the evidence before us and lead with clear guidance in a timely manner. To do otherwise is a dereliction of our duties to the people of Arizona.

Sincerely,



Sandra D. Kennedy
Commissioner

⁴ CNA Military Advisory Board. November 2015. "National Security and Assured U.S. Electrical Power." Retrieved from https://www.cna.org/cna_files/pdf/national-security-assured-electrical-power.pdf.